

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF TEXAS  
ENTERED

**Michael N. Milby, Clerk**

DEBTOR

§§

CASE NO. 01-33472-H4-11

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of the Bankruptcy Code, the Debtor has retained possession of its assets and is authorized as Debtor-In-Possession to continue the operation and management of its business.

2. The Debtor has provided or will provide actual oral or facsimile notice of this hearing and the terms of the Motion to the twenty largest creditors of the Debtor and the United States Trustee. Such notice is appropriate and adequate notice under the circumstances set forth herein and presented to this Court. Consequently, adequate notice and opportunity for a hearing has been given in accordance with applicable provisions of the Bankruptcy Code and Federal Rules of Bankruptcy Procedure.

3. An immediate need exists for the Debtor to obtain additional funds in order to continue operation of its business. Without such funds, the Debtor will not be able to pay wages, salaries and operating expenses. The Debtor has a need for funds immediately in order to meet current payrolls, pay necessary operating expenses, and preserve the value of the Debtor to enhance the successful reorganization of Debtor. The entry of this Order is necessary to avoid immediate and irreparable harm to the Debtor, its creditors, its estate and other parties-in-interest.

4. The Debtor is unable, in the ordinary course of business or otherwise, to obtain unsecured credit allowable under Section 503(b)(1) of the Bankruptcy Code as an administrative expense pursuant to Sections 364(a) or (b) of the Bankruptcy Code or secured indebtedness pursuant to Section 364(c) of the Bankruptcy Code on terms or from sources other than as provided by the Lender pursuant to this Order.

5. Debtor has previously delivered to Lender a projection (the "Budget") of its projected revenues and expenses for the period from the Petition Date through June 30, 2001, which was acceptable to the Lender. The Budget includes a line item for the possible repayment of a \$200,000.00 loan made to the Debtor immediately prior to the bankruptcy filing to enable the Debtor



to file this case in an orderly fashion (the "Prepetition Loan"); however, the Prepetition Loan shall only be repaid pursuant to decretal paragraph 2.

6. Central United Life Insurance Company ("Lender") is willing to continue to lend money and extend credit and other financial accommodations to the Debtor upon the terms and conditions set forth in this Order and the Post-Petition Credit Agreement in the form attached hereto as Exhibit "A" to be executed by the Debtor and CULIC upon entry of this Order. In addition, Lender has agreed to provide, and/or to assist Debtor, upon Debtor's reasonable request to obtain bonding for projects.

7. Good cause has been shown for the entry of this Order. Among other things, entry of this Order will minimize disruption of the Debtor as a going concern, will increase the possibility for successful reorganization of the Debtor and is in the best interests of the Debtor, its creditors and other parties-in-interest.

8. The terms of the credit authorized by this Order are for reasonably equivalent value.

9. The credit extended by Lender and the indebtedness incurred by the Debtor as provided in this Order and the Post-Petition Credit Agreement are actual and necessary costs and expenses of preserving the estate of Debtor and are allowable as administrative expenses in accordance with the provisions of Sections 503(b) (1) and 507(a) (1) of the Bankruptcy Code.

10. The Debtor and the Lender have been represented by counsel, and the Post-Petition Credit Agreement authorized by this Order has been negotiated at arms length, is fair and reasonable under the circumstances, is enforceable pursuant to its terms, and Lender has acted in good faith and in compliance with Section 364 of the Bankruptcy Code in negotiations for the Post-Petition Loan.

11. The Lender has agreed to extend credit to Debtor and to allow Debtor to use portions of Debtor's prepetition and post-petition collateral, including cash collateral, only upon the terms and conditions set forth in this Order, including without limitation the granting of superpriority status



under Section 364(c)(1) of the Bankruptcy Code (subject to the Carve Out (as hereinafter defined) and the U.S. Trustee fees) and the granting of lien under Sections 364(c)(2) and (3) of the Code (subject to the Carve Out (as hereinafter defined) and the U.S. Trustee fees).

The Lender has agreed to extend credit to Debtors and to allow Debtors to use portions of Debtors pre-petition and post-petition collateral, including cash collateral (as defined in Bankruptcy Code Section 363(a)) only upon the terms and conditions set forth in this Third Interim Order and the Second and First Interim Orders. Frost National Bank ("Frost Bank") has consented to subordinate its pre-petition lien upon post-petition accounts receivable to the extent of funds actually advanced by Lender up to \$150,000 advanced pursuant to the Interim Orders entered April 2, 2001 and April 6, 2001. All provisions in the First and Second Interim Orders remain in full force and effect, including the subordination provisions.

**THEREFORE, IT IS ORDERED AS FOLLOWS:**

1. The Debtor is hereby authorized to borrow an amount not to exceed \$938,364 from Lender pursuant to the terms hereof; provided, however, until this Order becomes a final Order pursuant to paragraph 22 hereof, the borrowing shall be limited to \$350,000.00 (inclusive of the \$100,000.00 advanced under the First and Second Orders). Each Debtor is only liable for the amounts advanced to it under the Post-Petition Credit Agreement for purposes of this Interim Order.

2. The Post-Petition Credit Agreement is approved. Any and all advances made pursuant to the Post-Petition Credit Agreement and this Order, including interests and fees accruing on such advances, shall be collectively referred to herein as the "Post-Petition Debt". Lender is obligated to make advances to Debtor hereunder in accordance with the terms of the Post-Petition Credit Agreement. The Post-Petition Debt shall be available to the Debtor on a revolving basis and may be borrowed, repaid without penalty and borrowed again, subject to an aggregate cap of \$938,364 in principal at any time outstanding, until the "Termination Date" as defined in the Post-



Petition Credit Agreement. The Post-Petition Debt shall be due and payable in full on the Termination Date. Debtor may prepay all or any portion of the outstanding balance of the Post-Petition Debt in accordance with the terms and conditions of the Post-Petition Credit Agreement. The Lender's commitment to lend is conditioned upon the repayment of the Prepetition Loan pursuant to the Budget; provided, however, such repayment shall only occur if this Order becomes a final Order pursuant to paragraph 22 hereof. In no event shall the outstanding total of Prepetition Debt and the Post-petition Debt exceed \$938,364.00.

3. The Post-Petition Debt shall bear interest at 13% per annum. All past due principal, interest or other amounts owing under the Post-Petition Debt shall bear interest at 18% per annum.

4. For the purposes hereof, "Event of Default" shall have the meaning assigned to such term in the Post-Petition Credit Agreement.

5. All of the Post-Petition Debt shall be secured by a (i) first priority security interest in and lien (a) on any and all unencumbered assets of Debtor created, acquired or arising prior to the Petition Date and any and all assets of Debtor created, acquired, or arising after the Petition Date, (except that during the term of this Order such liens will only attach to the assets of the specific Debtor to the extent of any funds advanced to the specific Debtor by Lender) save and except the Avoidance Actions (as hereinafter defined), the Carve Out, the Lender Actions and the U.S. Trustee fees, and (b) all Cash Collateral (as that term is defined in the Bankruptcy Code) relating thereto; and (ii) a junior security interest in and lien upon (a) any and all assets of the Debtor which were subject, as of the Petition Date, to an otherwise unavoidable lien (except that during the term of this Order such liens will only attach to the assets of the specific Debtor to the extent of any funds advanced to the specific Debtor by Lender; and (b) all Cash Collateral (as that term is defined in the Bankruptcy Code) relating thereto. The Lender's agreement to provide post-petition financing to the Debtor is specifically conditioned upon the grant of a lien in favor of Lender on the assets of



Advanced Telecommunications Systems, Inc., Network Media Services, Inc., and Accurate Business Machines, Inc., to secure the post-petition advances. Lender's agreement to provide interim financing pursuant to this Order does not waive this requirement, and at the final hearing on the Motion, Lender intends to seek an order which provides such a lien grant. As used in this paragraph, "assets" includes all assets of the Debtor, wherever located, and whether now existing or hereafter arising and whether now owned or hereafter acquired, together with all proceeds and products thereof, and accessions, accessories and improvements thereto, and replacements there for, including without limitation the following:

- (a) All of Debtor's presently existing and hereafter acquired and arising property including, but not limited to, the following types, and all profits, proceeds, products or replacements thereof and accessions thereto: (i) all accounts receivable, chattel paper, contract rights, instruments and documents whether now existing or hereafter arising; (ii) all inventory (including parts, materials, supplies and work in progress) now existing or hereafter acquired; (iii) all general intangibles whether now existing or hereafter arising, including without limitation, all federal, state and local tax refunds, trademarks, trade names and patents, and books and records of Debtor; (iv) all furniture, fixtures, motor vehicles, equipment, and other goods whether now existing or hereafter arising;
- (b) All stock, notes and instruments owned by the Debtor;
- (c) All real property of Debtor;
- (d) All deposit accounts, money, cash and insurance policies of Debtor; and
- (e) All claims or causes of action (but excluding (i) any bankruptcy causes of action or their proceeds under Sections 544, 547, 548, 549, 550, 553 or otherwise under the



Bankruptcy Code (the "Avoidance Actions") and (ii) any other claims or causes of action against Lender (the "Lender Actions")).

6. All cash proceeds from the Debtor's assets including the Post-Petition Loan proceeds (the "Cash Collateral") shall be deposited by the Debtor into a segregated account (the "Cash Collateral Account") at Frost Bank. Pursuant to paragraph 5 of this Order, CULIC will have a lien on the Cash Collateral Account junior only to the lien of Frost Bank with respect to the Cash Collateral described in sub-paragraph 5(ii)(b) of this Order.

7. All Post-Petition Debt shall be allowed as a superpriority administrative expense pursuant to Section 364(c)(1) of the Bankruptcy Code over all administrative expenses incurred in this Chapter 11 or any subsequent Chapter 7 case, save and except the Carve Out and U.S. Trustee fees, including, but not limited to, expenses of the kind specified in Sections 503(b) or 507(b) of the Bankruptcy Code, and shall at all times be senior to the rights of the Debtor or any trustee in this or any subsequent case under the Bankruptcy Code.

8. The Debtor is authorized to use the Cash Collateral solely for the payment of (i) reasonable, ordinary and necessary operating expenses of ATS while in Chapter 11 as set forth in the Budget; (ii) the payment of court-approved fee or fees and expenses approved pursuant to any Interim Fee Procedures Order, applications for bankruptcy professionals employed by ATS and the Unsecured Creditor's Committee; (iii) the repayment of the \$200,000.00 Prepetition Loan if this Order becomes a final Order pursuant to paragraph 22 hereof; and (iv) payment(s) to CULIC of the <sup>444,000</sup> ~~466,500~~ Post-Petition Debt. A Carve Out in the amount of ~~\$466,500~~ shall be established for professionals engaged in this case (the "Carve Out"). Neither <sup>THE</sup> ~~A~~ Carve Out nor any other funds advanced by Lender pursuant to any Order regarding the Motion shall be used to pay professional fees (or other expenses) incurred in asserting or joining in any investigation, proceeding, objection, claim, counterclaim, or any other contested matter which seeks to (a) set aside or alter the priority of any lien granted by the

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Debtor in favor of Lender which secures the Pre-Petition Loan or the Post-Petition Debt; (b) challenge any document or transaction giving rise to the Pre-Petition Loan or the Post-Petition Debt; (c) object to any claim asserted or filed by Lender; (d) use Cash Collateral or any other component of Lender's collateral without Lender's consent; or (e) challenge any pre-petition transaction between Lender and the Debtor.

9. Except for the Carve Out, no costs or expenses of administration which have been or may be incurred in these proceedings, any conversion of these proceedings pursuant to Section 1112 of the Bankruptcy Code, or in any other proceeding related hereto, and no priority claims are or will be prior to or on a parity with the claims of Lender against the Debtor arising out of the Post-Petition Debt extended by the Lender to the Debtor pursuant to this Order, or with the security interests and liens of the Lender upon the Collateral described herein above, and no such costs or expenses of administration shall be imposed against the Lender, its claims or its Collateral. No costs shall be assessed or attributed to Lender pursuant to the provisions of Section 506(c) of the Bankruptcy Code, or otherwise.

10. So long as any amount of the Post-Petition Debt remains outstanding, unless otherwise agreed to by Lender:

- (a) Debtor shall fully comply with the terms and conditions of the Post-Petition Credit Agreement and the other Loan Documents (as defined in the Post-Petition Credit Agreement); and
- (b) Debtor shall not allow any claims to be superior or pari passu with claims of the Lender hereunder.

11. To evidence the indebtedness of Debtor to Lender for the loans hereunder, the applicable rate of interest thereon, the creation of security interests as set forth above, and all terms and provisions evidencing the agreements between Debtor and Lender, Debtor is authorized to



execute and deliver to Lender, all instruments, documents, security agreements, loan agreements, financing statements and other documents and instruments as the Lender may from time to time require. Notwithstanding the foregoing, all agreements, security interests, mortgages, deeds of trust and liens contemplated by this Order are effective and perfected without further filing by the Lender in compliance with any state or federal law. The Lender will not be required to file financing statements or other documents in any jurisdiction or take any other actions in order to perfect its security interest and liens granted to it under or pursuant to this Order. If Lender, in its sole discretion chooses to file any financing statements, deeds of trust, mortgages or other documents to otherwise confirm perfection of such security interest and liens, all such documents shall be deemed to have been filed or recorded at the time and on the date of the entry of this Order. However, the failure of Debtor to execute any documentation relating to the Post-Petition Debt shall in no way affect the validity, perfection or priority of the security interests, mortgages and liens granted to Lender by this Order or otherwise.

12. Until Debtor has paid the Post-Petition Debt in full, it will give the Lender and the Creditor's Committee at least five business days' prior written notice of all subsequent pleadings filed in this reorganization case, or in the case of a conversion, any Chapter 7 case, or such lesser notice as may be afforded to Debtor with respect to such pleading.

13. The Debtor shall immediately deliver to the Lender and the Creditor's Committee any documentation relating to a solicitation, inquiry, offer or proposed sale or disposition of any material amount of property of the estate.

14. Debtor's authority to use Cash Collateral hereunder shall automatically terminate upon the occurrence of an Event of Default.



15. Debtor shall pay all reasonable fees and expenses of Lender, including without limitation attorneys fees, in connection with the administration and enforcement of this Order, to the extent approved by the Court upon appropriate application, notice and hearing.

16. Upon the occurrence of any Event of Default, and after five (5) days written notice to Debtor and Committee, with opportunity to cure during such period, CULIC shall have the right to exercise all of its rights and remedies with respect to the Cash Collateral Account and any of CULIC's other Collateral and to exercise any and all other remedies available under applicable law.

17. Upon the occurrence of any Event of Default, the Debtor's exclusive right under 11 U.S.C. § 1121(b) to (i) file a plan of reorganization; or (ii) seek confirmation of a plan of reorganization filed within the exclusivity period, shall immediately terminate.

18. Any good faith exercise by the Lender of any remedies provided to it in connection with the Post-Petition Debt will not affect or jeopardize the Lender's existing rights or priority as a secured pre-petition lender to the Debtor.

19. The Debtor and any successor trustee in any Chapter 11 or Chapter 7 case shall not sell, assign, exchange, lease or otherwise dispose of any of its properties, rights, assets or business, whether now owned or hereinafter acquired except (a) in the ordinary course of its business and for fair consideration or (b) in accordance with a plan confirmed by the Court or an Order under Section 363 of the Bankruptcy Code.

20. The Lender may petition this Court for such additional protection as it may reasonably require to continue financing the Debtor under this Order.

21. A notice relating to the entry of this Order shall be sent to all creditors of Debtor. Any subsequent stay, modification, or vacation of this Order shall not affect the validity of any debt owed by Debtor to the Lender incurred pursuant to this Order or otherwise, nor shall any such stay, modification or vacation effect the validity, enforceability, perfection of any security interest,



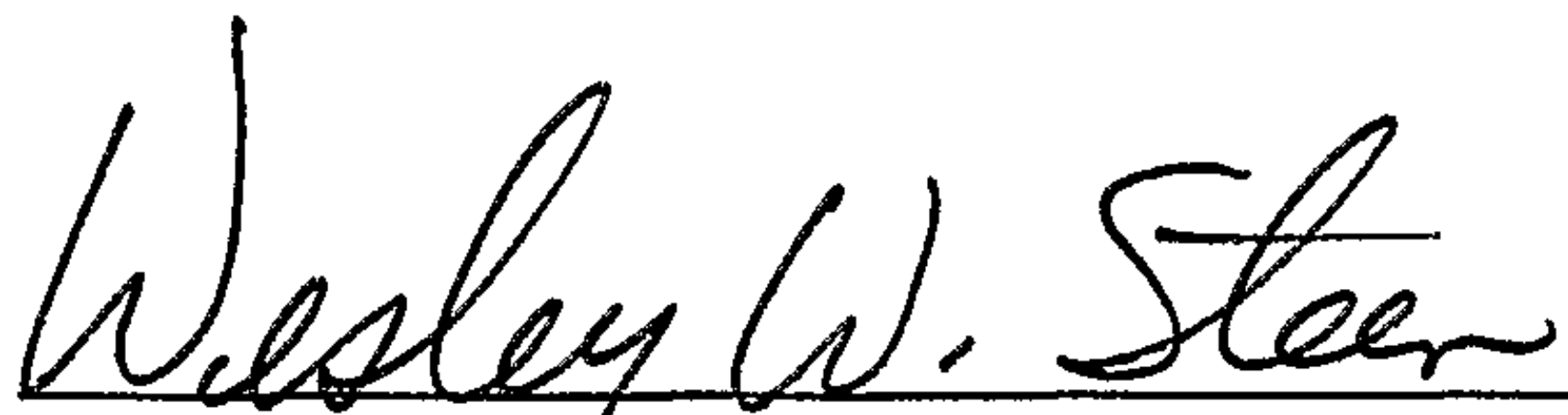
mortgage, lien or priority in connection therewith to the extent of the Post-Petition Debt. Notwithstanding any such stay, modification or vacation of this Order, all rights of Debtor and Lender up to and including the date of such stay, modification or vacation of this Order shall be governed in all respects by the original provisions of this Order, the Post-Petition Credit Agreement, security agreements and deeds of trust between the Debtor and the Lender, and the Lender shall be entitled to all the rights, privileges and benefits, including the security interests, mortgages, liens and priorities granted herein, and in the Prepetition Loan documents executed by Debtor in favor of Lender.

22. Any party-in-interest and the Creditor's Committee may file an objection to the entry of this Order as a final order and request a hearing thereon on or before the 23rd day of April, 2001 at 2:00 p.m. Any such objection shall specify in detail the basis for the objection, contain notice of hearing, request a hearing, and shall be personally served upon the attorneys for the Lender: Haynes and Boone, L. L. P., 1000 Louisiana, Suite 4300, Houston, Texas 77002, Attention - Charles A. Beckham, Jr.; upon attorneys for the Debtor, Thompson Knight Brown Parker & Leahy, L.L.P., Two Allen Center, 1200 Smith Street, Suite 3600, Houston, Texas 77002, Attention - Diana Woodman and proposed counsel for the Committee, Trent Rosenthal, Boyar & Miller PC, 4265 San Felipe, Ste. 1200, Houston, Texas 77027, fax 713-552-1758. Debtor shall promptly serve a copy of this Order on the Service List. Failing proper objection within such time period and the Court sustaining same by a final non-appealable order, this Order shall automatically become a permanent order and all of the liens and security interests granted by the Debtor in favor of the Lender in the Collateral shall remain valid, perfected and enforceable first priority liens to the extent set forth herein without further order of this or any other court and without further filing by the Lender or compliance with any other state or federal law.



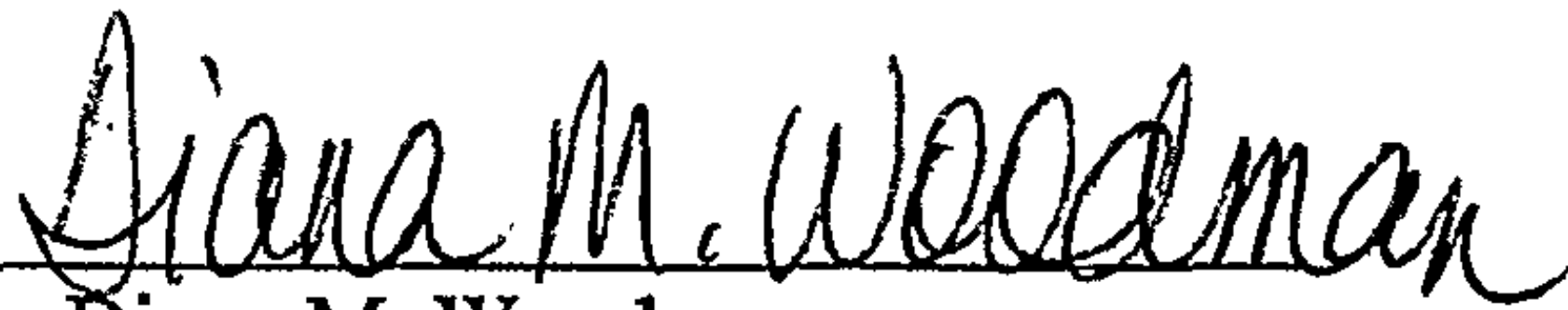
23. Except as otherwise specifically provided herein, neither Lender nor the Debtor nor the Creditor's Committee waives any rights, and each shall retain all rights available pursuant to the Bankruptcy Code or any other applicable law.

EXECUTED this 11th day of April, 2001.

  
UNITED STATES BANKRUPTCY JUDGE

AGREED AND ENTRY REQUESTED:

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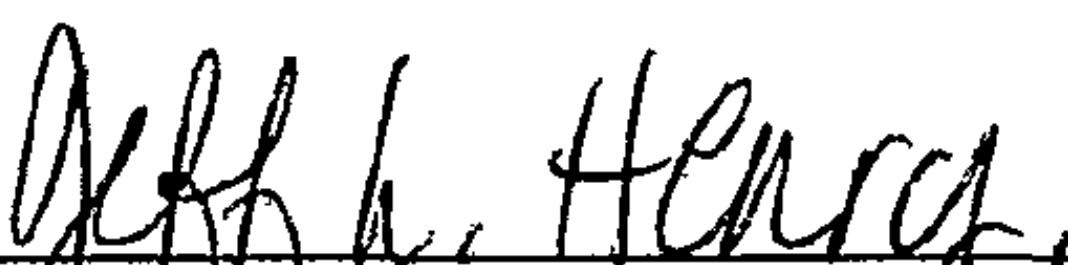
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*With permission  
AW*

**ATTORNEYS FOR FROST NATIONAL BANK**



The Exhibit(s) May  
Be Viewed in the  
Office of the Clerk